**TERMINOLOGIES USED IN DATA**

**Fields Used in Data**

**Loan ID:**

Purpose: A Loan ID is a special number given to each loan. It helps to identify and track every loan easily.

Use for Banks: Banks use the Loan ID to keep records, check payments, and answer customer questions about their loans.

**Address State:**

Purpose: Address State shows where the borrower lives. It helps banks understand regional risks, follow state rules, and predict chances of loan default.

Use for Banks: Banks use this information to see loan trends in different areas, plan better marketing, and manage risks based on location.

**Employee Length:**

Purpose: The customer's years of experience in their job. This can include values ​​such as '10+ years', '3 years', or 'less than 1 year'.

Use for Banks: The bank considers the customer's income and job stability. Those with more experience (e.g., 10+ years) receive higher loan amounts because the bank believes they will repay the loan properly.

**Employee Title:**

Purpose: Title shows the borrower’s job or profession. It helps lenders know where the borrower’s income comes from.

Use for Banks: Banks use this to check income details, understand the borrower’s financial strength, and offer loans suitable for different jobs.

**Grade:**

Purpose: Grade represents a risk classification assigned to the loan based on creditworthiness. Higher grades signify lower risk.

Use for Banks: Banks use the grade to price loans and manage risk. Higher-grade loans typically receive lower interest rates and are more attractive to investors.

**Sub Grade:**

Purpose: Sub Grade gives a more detailed view of a borrower’s risk level within a main grade. It helps to better understand how risky a loan might be.

Use for Banks: Banks use Sub Grades to decide interest rates and loan terms based on the borrower’s exact risk level.

**Home Ownership:**

Purpose: Home Home Ownership shows whether the borrower owns, rents, or lives in someone else’s house. It helps understand their financial stability.

Use for Banks: Banks use this to check how stable the borrower is and if they have property as collateral. People who own homes usually have a lower chance of missing payments.

**Issue Date:**

Purpose: Issue Date shows when the loan started. It helps in tracking the loan and knowing when it will end.

Use for Banks: Banks use the Issue Date to check how old a loan is, calculate interest, and manage all their loans properly.

**Last Credit Pull Date:**

Purpose: Last Credit Pull Date shows the last time the borrower’s credit report was checked. It helps see their credit status.

Use for Banks: Banks use this to monitor credit history, evaluate risk, and make better lending decisions.

**Last Payment Date:**

Purpose: Last Payment Date shows when the borrower last made a loan payment. It helps track their payment history.

Use for Banks: Banks use this to check payment behavior, see if payments are late, and predict future payments.

**Loan Status:**

Purpose: Loan Status indicates the current state of the loan (e.g., fully paid, current, default). It tracks loan performance.

Use for Banks: Banks use Loan Status to monitor loan health, categorize loans for risk analysis, and determine provisioning requirements.

**Next Payment Date:**

Purpose: Next Payment Date shows when the borrower’s next loan payment is due. It helps plan cash flow.

Use for Banks: Banks use this to manage funds and estimate income from loans.

**Purpose:**

Purpose: Purpose specifies the reason for the loan (e.g., debt consolidation, education). It helps understand borrower intentions.

Use for Banks: Banks use this field to segment and customize loan offerings, aligning loan terms with borrower needs.

**Term:**

Purpose: Term shows how long the loan will last in months. It sets the repayment period.

Use for Banks: Banks use the term to create loan plans, calculate interest, and manage when loans will end.

**Verification Status:**

Purpose: This indicates whether the information (such as income) provided by the customer has been verified by the bank. It has three statuses: 'Verified', 'Not Verified', or 'Source Verified'.

Use for Banks: Banks use this field to gauge data reliability, verify income, and evaluate loan application credibility.

**Annual Income:**

Purpose: Annual Income reflects the borrower's total yearly earnings. It assesses repayment capacity.

Use for Banks: Banks use this income figure to determine loan eligibility, calculate debt-to-income ratios, and evaluate creditworthiness.

**DTI (Debt-to-Income Ratio):**

Purpose: It stands for 'debt-to-income ratio'. It shows how much of a customer's monthly income goes toward debt repayment.

Use for Banks: Banks use this to assess a customer's financial health and decide whether to grant a loan. According to sources, DTI should not be too high or too low; 30% to 36% is considered good.

**Instalment:**

Purpose: Instalment is the fixed monthly payment amount for loan repayment, including principal and interest.

Use for Banks: Banks use this field to structure loan terms, calculate amortization schedules, and assess payment affordability.

**Interest Rate:**

Purpose: Interest Rate shows the yearly cost of the loan as a percentage. It tells how much the loan will cost.

Use for Banks: Banks use interest rates to set loan prices, earn profits, and attract investors.

**Loan Amount:**

Purpose: Loan Amount is the total money borrowed. It shows the main loan sum.

Use for Banks: Banks use it to know how much money they are lending.